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Prestal

FY23 AGM | Investor Presentation

November 2023

HAMPERS
WITH BITE

BONDI
SOAP™



VITALE
WELLNESS

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Key Highlights

Realising shareholder value through the sale of our Consumer Products business and transitioning to a pure eCommerce play after PTL was approached with a compelling offer.

FY23 Results

- Strong headwinds faced throughout FY23 as a result of the broader macro-economic environment, including 10 cash rate increases and increasing pressure on consumers
- However, the Group remained resilient and still managed to deliver:
 - Underlying NPAT of \$4.9m
 - Total FY23 distribution of 2.3cps representing a total payout of 79.9% of Underlying NPAT

Divestment of Consumer Products Business

- The total sale represented approximately 118% of Prestal's market capitalisation of \$53.7 million (based on the closing share price of 31.5 cents per share on 11 September 2023)
- Divestment of the Consumer Products business and the Shepparton manufacturing facility for a total sale price of \$60m (excluding debtors and creditors) on a debt and cash free basis
- Transaction was strongly supported from existing shareholders (90%+ voted in favour)

Strategy Refocus

- Realigned business model to help accelerate growth and create sustainable value for shareholders
- Key features of new core business include:
 - Profitable stand-alone eCommerce business with ability to reinvest via CAPEX to reach scale
 - Reduced functional, support & corporate costs associated with combined business
 - Foundations built throughout FY23 to drive growth in FY24

Strong Balance Sheet to Fund Future Growth

- Business remains well funded - anticipated cash in bank post completion of \$16.9m (after payment of initial special dividend and capital return)
- The Board intends to utilise strong balance sheet to fund strategic growth initiatives to build further scale and shareholder value

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FY23 Results (Group & Pro Forma)

Stand-alone business remains profitable and is well positioned to capitalise on strategic investments throughout FY23 to help grow the business moving forward.

\$'000	FY23 (Group)	FY23 (HwB Pro Forma)
Net Sales	115,261	24,344
Underlying EBITDA	11,551	2,806
<i>Underlying EBITDA Margin on Net Sales</i>	<i>10.0%</i>	<i>11.5%</i>
Depreciation	(3,807)	(429)
Underlying EBIT	7,744	2,377
<i>Underlying EBIT Margin on Net Sales</i>	<i>6.7%</i>	<i>9.8%</i>
Underlying NPAT	5,122	1,621
Reported Profit after Tax	4,890	1,613
Underlying Basic EPS (c)	3.00	0.95
Reporting Basic EPS (c)	2.87	0.95
DPS (c)	2.30	0.67

HwB Pro Forma Commentary

- Significant infrastructure improvements implemented at HwB including new ERP system, new CRM system and new product personalisation capabilities
- Cost re-structure implemented to ensure balance between sustainable long-term growth and maximizing short term opportunities
- Maintained healthy underlying EBITDA margin of 11.5% supported by tight controls on costs
- Strong payout ratio maintained (approximately 79.9% of Underlying NPAT)

Divestment: Consumer Products Business

The disposal of the Consumer Products Business was strongly supported by shareholders, with 90%+ voting in favour of the transaction. The transaction completed on 8 November 2023.

Realisation of Shareholder Value	<ul style="list-style-type: none">The total sale price plus expected agreed and customary adjustments, the unwinding of the Duracell distributorship, debtors and creditors, represented approximately 118% of Prestal's market capitalisation of \$53.7 million (based on the closing share price of 31.5 cents per share on 11 September 2023)
Strong Shareholder Support	<ul style="list-style-type: none">Strong support from existing shareholders, with 90%+ voting in favour
Independent Expert's Report	<ul style="list-style-type: none">The Prestal Board commissioned an Independent Expert's Report which concluded that the sale was fair and reasonable to the PTL shareholders and was therefore in the best interest of PTL shareholders
Strengthened Financial Position	<ul style="list-style-type: none">Following the sale, payment of the expected dividends and capital return (aggregate up to approximately \$52.8 million), payment of transaction and separation costs (approximately \$5 million) and repayment of bank debt (approximately \$6.1 million), Prestal is expected to have a healthy positive net cash position of over \$5 million further supported by a dividend reinvestment plan.
Returning Value to Shareholders	<ul style="list-style-type: none">Board's intention to pay total distribution of 31c per share representing 98% of Prestal's closing share price on 11 September 2023 of 31.5 cents per share

Capital Management

Subject to business conditions at the time and a favorable ATO tax ruling, the Board intends to return proceeds from the sale to shareholders whilst also keeping a sufficient cash balance to ensure that the business remains fully funded moving forward for organic and inorganic growth initiatives.

Initial Distribution (following receipt of ATO tax ruling, expected in January 2024)	<ul style="list-style-type: none">• Initial capital return of approximately 24 cents per share (aggregate \$40.9m) comprising of:<ul style="list-style-type: none">◦ a fully franked special dividend of up to approximately 6 cents per share; and◦ an intended capital return of up to approximately 18 cents per share (subject to favourable ATO tax ruling)
Final Distribution (around mid - July 2024)	<ul style="list-style-type: none">• An additional fully franked special dividend of up to approximately 7 cents per share (aggregate of \$11.9 million)
Dividend Reinvestment Plan (DRP)	<ul style="list-style-type: none">• The Board still intends to establish a Dividend Reinvestment Plan (DRP) moving forward, which will be available to shareholders who wish to participate• Full details of the DRP will be released closer to release of the initial distribution
Capital Management Strategy Moving Forward	<ul style="list-style-type: none">• Dividend payout history of ~70% of NPAT expected to be maintained• Gearing expected to be managed below 30% level with an aim to optimise around 20%

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Moving Forward



Growing our eCommerce Business

Growth Strategy Key Pillars for Growth in FY24

Throughout FY23, the business has taken significant steps in planning and developing the infrastructure required to scale quickly and generate market share and future growth

Expansion of Range



B2B Focus



New CRM System



New Machinery



Restructured Warehouse



Gifting



Bondi Soap



Vitale Wellness

Strengthening Infrastructure



NEW WMS

Using Pronto software



RELOCATE

To modern Warehouse facility



250k

Hampers forecasted for the upcoming Christmas season



New Revenue Streams: Implement a co-packing function for internal and external clients



Increased Storage: Futureproof volume projections of the storage of raw materials, packaging and our finished Hampers



Cost Reduction: Reduction in external storage costs, especially during peak season



Software Upgrade: Implementation of Pronto ERP software, replacing existing accounting system and Warehouse Management System



Price Insights: Improved visibility on price variances (cost of goods and sales revenue)



Data Analytics: Incredibly powerful system and reporting capabilities

HwB Moving Forward



BRAND IMAGE

- Branding update
- Expansion of brand visual identity to allow for all year long gifting.
- Improve visual merchandising to improve ease of shopping experience
- Review both range and number of brands.



ALL-YEAR-ROUND RANGE

- Develop product strategy for AYR gifting
- Priority for B2B and B2C product synergies
- Create pricing tiers for range product concept - easier to sell, easier for stock management
- Develop Channel go to market strategy
- Competitor range & pricing review



WEBSITE UPDATE

- Reskin website with new brand image and increase visual appeal
- Balance SEO and CRO in proposal
- Competitor audit to review usability and offers compared to ours
- Customer journey reviews

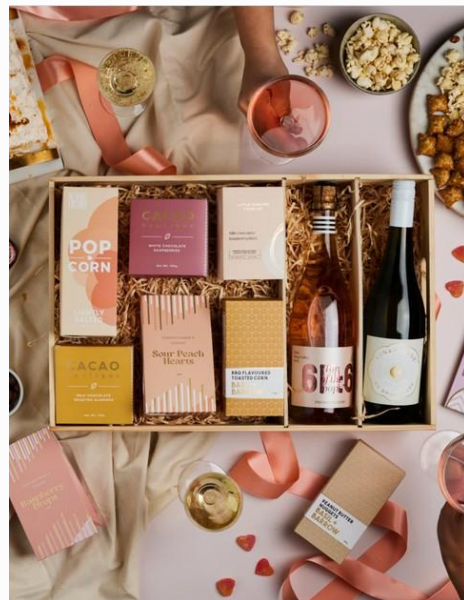
Summary

Board and Management remain committed to growing the eCommerce business and are actively exploring potential M&A opportunities to further build scale and deliver shareholder value.

HwB Outlook	<ul style="list-style-type: none">• As preparations for the festive season commence, HwB is now entering what is traditionally the busiest period for the business• We continue to experience strong demand for our B2B offering however remain cautious of the broader economic environment while focusing on margin protection• A more formal update will be provided with the H1 results
Targeted Growth Initiatives	<ul style="list-style-type: none">• The business made significant investment throughout FY23 to ensure the eCommerce business will have the infrastructure required to scale quickly and generate greater market share<ul style="list-style-type: none">◦ Investments included a new CRM system, new machinery and restructured warehouse facilities• Board & Management will continue to pursue potential inorganic growth opportunities with a focus on:<ul style="list-style-type: none">◦ Scale & market trends;◦ Product diversification;◦ EPS accretion.

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Thank You



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